



Rural Telephone Coalition

DOCKET FILE COPY ORIGINAL
RECEIVED

JUL 11 1996

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

July 11, 1996

EX PARTE OR LATE FILED

Mr. William F. Caton
Secretary
Federal Communications Commission
Room 222
1919 M Street, NW
Washington, DC 20554

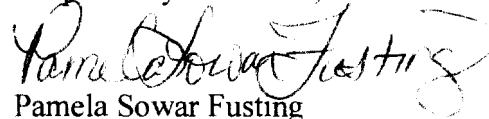
Re: CC Docket No. 96-45 ✓
CC Docket No. 96-98

Dear Mr. Caton:

On July 11, 1996, representatives of the Rural Telephone Coalition (RTC), composed of the National Rural Telecom Association (NRTA), the National Telephone Cooperative Association (NTCA), and the Organization for the Promotion and Advancement of Small Telecommunications Companies (OPASTCO), met with Lauren "Pete" Belvin, Senior Legal Advisor to Commissioner James Quello. Present at the meeting were Margot Humphrey (NRTA), Pamela Fusting (NTCA), and Ken Johnson (OPASTCO).

The RTC discussed the Telecommunications Act of 1996 and its implementation in both the local competition and universal service mechanism proceedings. The RTC emphasized that local competition rules based solely on a pro-competitive urban LEC model could have detrimental effects on the provision of universal service in fragile rural markets. The RTC submitted the enclosed proposal as a possible solution to concerns over the preservation of universal service in rural areas as well as the promotion of competition.

Respectfully submitted,


Pamela Sower Fusting
NTCA

enclosure

cc: Lauren Belvin

No. of Copies rec'd 073
List A B C D E

National Rural Telecom Association
1455 Pennsylvania Avenue, NW, Suite 1200
Washington, D.C. 20004
(202) 628-0210

National Telephone Cooperative Association
2626 Pennsylvania Avenue, NW
Washington, D.C. 20037
(202) 298-2300

Organization for the Promotion and Advancement
of Small Telecommunications Companies
21 Dupont Circle, NW, Suite 700
Washington, D.C. 20036
(202) 659-5990

RECEIVED

JUL 11 1996

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

**RURAL TELEPHONE COALITION
SUMMARY OF POSITION ON INTERCONNECTION ISSUES**

- **Interconnection rules designed to "jump start" competition are not appropriate in rural areas served by LECs for which the exemption, suspension or modification of §§ 251(b) and (c) are applicable. Rural economies are substantially different, and there is no reasonable probability that genuinely competitive rural markets will develop in the near term. Rules which encourage cream skimming and competition that would otherwise not be economical would be damaging to rural areas.**
- **Sections 153(47), 214(e), 251(f) and 253(f) authorize states to adopt special protections in their rural areas through particularized judgments weighing the benefits of competition and any threats to universal service or infrastructure development.**
- **This state flexibility, at least in rural areas, allows operation of the "states as laboratories" model, so states can learn from each other and from their urban experiences how best to tailor their rules for rural areas.**
- **Any national guidelines should leave the states both (1) full authority to retain the § 251(c) exemption or grant suspensions and modifications pursuant to § 251(b) and (2) sufficient flexibility in rural areas to mediate, arbitrate and approve interconnection agreements pursuant to § 252.**
- **Any pricing guidelines should provide flexibility for rural LECs (and states) to determine prices between a ceiling set at each LEC's actual stand alone cost of the service and a floor determined by TSLRIC (which sets the level below which prices could be challenged as predatory). Any rules which materially reduce LEC revenues should be coordinated with CC Docket 96-45.**
- **The Commission should rule that agreements between non-competing LECs are not subject to §§ 251 and 252 to comport with Congressional intent and to preserve FCC authority over infrastructure sharing pursuant to § 259.**
- **The Commission should rule under § 251(g) that existing access charge rules apply to all interconnection between incumbent LECs and interexchange carriers until explicitly superseded by new Commission access rules.**